

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services	(2) MEETING DATE 2/3/2015	(3) CONTACT/PHONE Machelle Vieux (805) 781-5200	
(4) SUBJECT Submittal of two Resolutions of Intention to Surplus and Sell County-owned real property in Atascadero, and set an auction date of May 5, 2015 for the residential multi-family property at 6907 and 6925 Atascadero Avenue, and commercial retail property at 3850 Morro Road in Atascadero. District 5.			
(5) RECOMMENDED ACTION It is recommended that the Board approve two Resolutions of Intention to Surplus and Sell County-owned Real Property in Atascadero, and authorize the Chairperson to sign the Resolutions, which will set a date of May 5, 2015 for the auctions, and will direct the Clerk of the Board to publish legal notices of the auctions.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>03/24/2009, 05/25/2010,</u> <u>11/02/2010, 11/09/2010, 12/04/2010, 12/14/2010</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Emily Jackson			
(18) SUPERVISOR DISTRICT(S) District 5			

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services / Machelie Vieux
(805) 781-5200

DATE: 2/3/2015

SUBJECT: Submittal of two Resolutions of Intention to Surplus and Sell County-owned real property in Atascadero, and set an auction date of May 5, 2015 for the residential multi-family property at 6907 and 6925 Atascadero Avenue, and commercial retail property at 6850 Morro Road in Atascadero. District 5.

RECOMMENDATION

It is recommended that the Board approve two Resolutions of Intention to Surplus and Sell County-owned Real Property in Atascadero, and authorize the Chairperson to sign the Resolutions, which will set a date of May 5, 2015 for the auctions, and will direct the Clerk of the Board to publish legal notices of the auctions.

DISCUSSION

The properties identified in the two Resolutions were used by County Libraries to serve the community in Atascadero. The complex formerly used as the Atascadero Library was located on four parcels of property. The first two parcels totaled approximately 0.75 acres and were donated to the County on July 23, 1987 at 6850 Morro Road in Atascadero (APNs: 030-282-027 and 030-282-033) ("Morro Road Property"). In approximately 1988, a single-story, 8,221 square foot building was constructed on the Morro Road Property and served the community of Atascadero as a library until June 2014.

In 1995, the County purchased two additional parcels totaling 15,675 square feet at 6907 Atascadero Avenue and 6925 Atascadero Avenue (APNs: 030-282-018 and 030-282-032) ("Multi-Family Property") for the purpose of future expansion of the Atascadero Library building. See Attachment 1 for a location map and Attachment 2 for an assessor's parcel map.

Over the past decade, the Morro Road Property outgrew its space requirements, and Library staff worked with the Atascadero Friends of the Library ("Friends") to find a solution to remedy the problem. In 2010, the County identified another property as an option for the new Atascadero library. A building at 6555 Capistrano Avenue in Atascadero ("Capistrano Property") had a building shell and some improvements. In accordance with County policy that new library facilities may be considered when the community contributes half of the funds needed for the project, the County signed a Memorandum of Understanding (MOU) with the Friends on November 9, 2010 to complete improvements at the Capistrano Property and determined the amount of funds necessary to be raised by the Friends. On December 4, 2012, the MOU was amended by a First Amendment to Memorandum of Understanding, which extended the fundraising timeline for the Friends. As agreed with the Friends, the Capistrano Property was purchased by the County on December 29, 2010 with the intention to complete the construction of the building, a portion of which would serve as a new library. The new Atascadero library was opened for operation on June 7, 2014. The MOU requires that the Morro Road Property and the multi-family property be sold and the net proceeds of sale, less associated sales costs, be credited toward the purchase and improvements of the Capistrano Property.

The Morro Road Property was donated to the City of Atascadero in 1984 by Martin and Susan Polin, with a deed restriction that the property be used as a public library. The deed restriction provided that the Morro Road Property would be transferred to Stanford University if and when the property was no longer used as a public library (giving Stanford a

“reversionary interest”). The City subsequently conveyed its interest in the Morro Road Property to the County in 1987. A Gift Restriction Agreement signed January 25, 2010 by the County and the Board of Trustees of the Leland Stanford Junior University authorized the release of the deed restriction on the Morro Road Property and required the maintenance of a new library at the Capistrano Property until January 1, 2073. The City has released any reversionary interest in the property by the recordation of a Quitclaim Deed on June 1, 2010. A Quitclaim Deed from Stanford University was recorded on February 4, 2011. The aforementioned Quitclaim Deeds removed any concern regarding reversionary interest that might have prevented a title company from issuing title insurance to a new owner.

The properties have been valued through appraisals and recent sales activity. To improve the opportunity for sale, the County requested and received approval from the City of Atascadero on January 13, 2015 to rezone APN 030-282-032 from public facility to residential multi-family, and APN 030-282-033 from public facility to commercial property. Staff supports the appraiser's recommendation that APNs 030-282-018 and 030-282-032 be sold together as residential multi-family (Multi-Family Property) and that the APNs 030-282-033 and 030-282-027 (Morro Road Property) be sold together as commercial property. Since the former library building was built across the property line between the two Morro Road Property parcels, the County has also obtained the City's approval of a lot merger for these two parcels, and they will be receiving a new Assessor's Parcel Number as one combined parcel.

The General Services Department recommends a minimum bid of \$198,000 for the Multi-Family Property (Atascadero Avenue) and a minimum bid of \$1,362,000 for the Commercial Property (Morro Road). In order to assure sufficient parking for the Morro Road Property to accommodate all allowed land uses in Commercial Retail/PD-3 zoning, the deed for the Morro Road Property will also include a 24-foot wide non-exclusive easement along the southeast property line of the Multi-Family Property for ingress and egress to the Morro Road Property. This easement will be reserved from the deed for the Multi-Family Property. The easement will not be created, however, if the same purchaser acquires both properties and closes escrow on them concurrently.

Auctions for the residential multi-family property at 6907 and 6925 Atascadero Avenue, and commercial retail property at 6850 Morro Road in Atascadero will be held in Board Chambers at 1055 Monterey Street in San Luis Obispo on Tuesday, May 5, 2015 at 1:30 PM or as soon as possible thereafter. Sealed written bids on the County's bid form are due at the County General Services Department at 1087 Santa Rosa Street in San Luis Obispo by 5:00 PM on Monday, May 4, 2015. The auction of the Morro Road Property will take place first, followed by the auction of the Multi-Family Property.

The terms of the sale of the Commercial (Morro Road) Property are as follows:

- The minimum acceptable bid price for the Morro Road Property shall be no less than \$1,362,000 and shall be payable in cash through escrow.
- A nonrefundable deposit of \$10,000 payable by cashier's check to the County of San Luis Obispo shall be required with the bid.
- Escrow shall close within 45 days following bid acceptance by the County Board of Supervisors.
- The Morro Road Property will be sold in as-is condition, with no repairs or reports provided by the County except a preliminary title report.
- No conditions of sale will be accepted, including financing conditions.
- Upon successful close of escrow, a real estate sales commission of three (3) percent of the selling price, or an amount as otherwise determined by California Government Code Sections 25531 and 25532, shall be payable from the proceeds of sale to a licensed real estate broker who is instrumental in obtaining the offer to purchase, provided that the name of the broker and commission is identified at the time of the bid.
- County and purchaser shall pay their own customary closing costs for San Luis Obispo County.
- Title to the Morro Road Property shall be transferred in the form of a grant deed.
- Included with the Morro Road Property will be a non-exclusive easement of twenty-four (24.00) feet in width over the adjacent parcel on Atascadero Avenue, APN 030-282-032, to accommodate ingress and egress access to benefit the Morro Road Property, unless the purchaser of both properties is the same party and the close of escrow is concurrent.

The terms of the sale of the Multi-Family (Atascadero Avenue) Property are as follows:

- The minimum acceptable bid price for the Multi-Family Property shall be no less than \$198,000 and shall be payable in cash through escrow.

- A nonrefundable deposit of \$10,000 payable by cashier's check to the County of San Luis Obispo shall be required with the bid.
- Escrow shall close within 45 days following bid acceptance by the County Board of Supervisors.
- The Multi-Family Property will be sold in as-is condition, with no repairs or reports provided by the County except a preliminary title report.
- No conditions of sale will be accepted, including financing conditions.
- Upon successful close of escrow, a real estate sales commission of three (3) percent of the selling price, or an amount as otherwise determined by California Government Code Sections 25531 and 25532, shall be payable from the proceeds of sale to a licensed real estate broker who is instrumental in obtaining the offer to purchase, provided that the name of the broker and commission is identified at the time of the bid.
- County and purchaser shall pay their own customary closing costs for San Luis Obispo County.
- Title to the Multi-Family Property shall be transferred in the form of a grant deed.
- Reserved from the deed to APN 030-282-018 will be a non-exclusive easement of twenty-four (24.00) feet in width along the southeasterly property line to accommodate ingress and egress access to the adjacent property, formerly APN 030-282-033; unless the purchasers of both properties if the same party and the close of escrow is concurrent.

OTHER AGENCY INVOLVEMENT/IMPACT

The Friends of the Atascadero Library is a financial and supportive partner of the endeavor to bring a new, larger library to the City of Atascadero. The City of Atascadero determined that the County's disposition of the Morro Road Property and Multi-Family Property is in conformity with the City's General Plan and said determination was filed with the City Planning Commission on October 7, 2014. On December 9, 2014, the Atascadero City Council certified a Negative Declaration 2104-0008 and Initial Study. On December 9, 2014, the Atascadero City Council approved General Plan Amendment 2014-0029, changing the General Plan Land Use Designations of the Morro Road Property from Public Facilities (P) and General Commercial (GC) to General Commercial, and changing the General Plan Land Use Designations of the Multi-Family Property from Public Facilities (P) to High Density Residential (HDR). On December 9, 2014, the Atascadero City Council approved Lot Merger 2014-0013 to merge the Morro Road Property (APNs 030-282-027 and 030-282-033) into one parcel, with a new Assessor's Parcel Number pending. On January 13, 2015, the Atascadero City Council approved Zone Change 2014-0174, changing the zoning designation of the Morro Road Property from Public (P) and Commercial Professional/PD-3 (CP) to Commercial Retail/PD-3 (CR), and changing the zoning designation of the Multi-family Property from Public (P) and Residential Multifamily-20 (RMF-20) to Residential Multifamily-20 (RMF-20).

FINANCIAL CONSIDERATIONS

The net proceeds from the sale of the Morro Road Property and Multi-Family Property will ultimately be determined by the demand of the current local real estate market and the final selling prices. When the eventual sales prices of the properties are determined at the auctions on May 5, 2015, the amounts due to the new Atascadero library project will be determined in accordance with the Memorandum of Understanding and First Amendment to Atascadero Library MOU between the County and the Friends of the Atascadero Library. If the properties were to sell for the minimum bids of \$1,362,000 and \$198,000, the net proceeds of sale of the Morro Road Property would be approximately \$1,283,800 and the net proceeds of sale of the Multi-Family Property would be approximately \$168,900, which totals estimated net proceeds of \$1,462,700. These estimates do not including any carrying costs, costs to rezone the properties, maintenance, or repairs during the marketing period.

RESULTS

Approval of the two attached Resolutions of Intention to Surplus and Sell will allow County staff to begin marketing for sale the properties at 6850 Morro Road, 6907 Atascadero Avenue, and 6925 Atascadero Avenue in Atascadero. The net proceeds of sale will be distributed in accordance with the First Amendment to Memorandum of Understanding dated December 4, 2012. This action will help the County achieve a Communitywide Result of a Livable Community by promoting lifelong learning and improvements to our Library locations and programs.

ATTACHMENTS

1. Location Map
2. Assessor's Parcel Map
3. Memorandum of Understanding
4. First Amendment to Memorandum of Understanding
5. Resolution of Intention to Surplus and Sell Morro Road Property
6. Resolution of Intention to Surplus and Sell Multi-Family Property